

INTRODUCING THE ESRS

OVERVIEW

The European Sustainability Reporting Standards (ESRS) are a critical component of the European Union's effort to enhance corporate transparency and accountability in sustainability practices. Developed under the Corporate Sustainability Reporting Directive (CSRD), the ESRS provides a comprehensive framework for companies to report on their environmental, social, and governance (ESG) impacts. These standards aim to ensure that stakeholders, including investors, regulators, and the public, have access to reliable, comparable, and relevant sustainability information.

DETAILS

The primary objectives of the ESRS are to:

1. **Ensure Transparency**

By providing a standardised framework, the ESRS seeks to provide clear and comparable information, enabling stakeholders to assess and compare the sustainability performance of companies effectively.

2. **Promote Accountability**

The ESRS holds companies accountable for their environmental and social impacts, encouraging them to adopt more responsible practices and mitigate adverse effects.



3. Support Decision-Making

With consistent and high-quality sustainability data, stakeholders, including investors and policymakers, can make informed decisions that support sustainable development and corporate responsibility.

4. Drive Sustainability Integration

The ESRS encourages companies to integrate sustainability considerations into their core business strategies and operations, fostering a culture of sustainability throughout the corporate sector.

Topics Included in the ESRS

The ESRS encompasses a wide array of specific topics to ensure a holistic approach to sustainability reporting:

1. Environmental Disclosures:

- **Climate Change:** Companies must report on their greenhouse gas emissions, energy efficiency measures, and strategies for addressing climate-related risks and opportunities.
- **Resource Management:** Disclosures are required on water usage, waste management, and efforts to preserve biodiversity.
- **Pollution Control:** Information must be provided on pollution prevention measures and initiatives to reduce emissions and other pollutants.

2. Social Disclosures:

- **Workforce Information:** Detailed reporting on employee diversity, equity, and inclusion, as well as working conditions, health and safety, and training programs.
- **Human Rights:** Companies must disclose their human rights policies, due diligence processes, and the impacts of their operations on local communities.
- **Customer Impact:** Information on product safety, customer health and safety, data protection measures, and ethical marketing practices.

3. Governance Disclosures:

- **Business Conduct:** Reporting on ethical business practices, including anti-corruption measures and compliance with relevant laws and regulations.
- **Corporate Governance:** Detailed information on governance structures, including the roles and responsibilities of the board and management in overseeing sustainability issues and engaging with stakeholders.

The ESRS requires companies to conduct a Double Materiality Assessment to evaluate both the financial impact of sustainability issues on the company and the company's impact on the environment and society. This dual approach ensures a comprehensive view of sustainability that incorporates both internal and external perspectives.

Additionally, companies are required to set specific sustainability targets and disclose their progress, ensuring accountability and enabling stakeholders to track performance over time. The standards also extend beyond direct operations to include the entire value chain, requiring companies to report on the sustainability impacts of their suppliers and downstream activities.



The ESRS represent a pivotal development in corporate sustainability reporting within the European Union. By providing a detailed and standardised framework for ESG disclosures, the ESRS ensures that stakeholders have access to reliable and comparable sustainability information. The directive promotes greater transparency, accountability, and the integration of sustainability considerations into business strategies, driving progress towards a more sustainable and responsible corporate sector.

For more detailed information on the ESRS and its reporting requirements, please refer to the [European Financial Reporting Advisory Group \(EFRAG\)](https://www.efrag.org/) website, or alternatively, contact us at info@envionas.com.